

Finance for Peace

Peace Finance Impact Framework Guidance Notes

Peace Partnerships

PART 5

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Peace Partnerships

Introduction

Peace partnerships are a cornerstone of the Peace Finance Standard, providing essential support to investments aimed at fostering sustainable peace and conflict-sensitive development. Peace Partners are trusted entities or individuals that have the expertise, local networks, and contextual knowledge to guide and support investments in fragile and conflict-affected areas. By collaborating closely with issuers of bonds or equity,¹ Peace Partners ensure that investments are financially viable while contributing positively to peacebuilding efforts, aligning with the principles of conflict sensitivity, and adhering to the do-no-harm approach.

The Peace Finance Standard recognises that achieving peace-positive outcomes requires more than just financial capital; it requires a deep understanding of local contexts, a commitment to fostering social cohesion, and the capacity to navigate complex socio-political contexts. Peace Partners play a pivotal role in this process by providing critical insights, facilitating stakeholder engagement and implementing peace-enhancing actions that address the root causes of conflict and promote sustainable development.

This part of the Guidance Notes outlines how investors and issuers can identify and select Peace Partners, and details their role and importance in the certification process. It also provides best practices for establishing these partnerships effectively, and specifies the criteria for becoming a Peace Partner, which ensures that only those with the requisite skills, experience and commitment are involved in peace-aligned investments. Through strategic collaboration with Peace Partners, issuers can enhance the peace impact of their projects, reduce risks and contribute meaningfully to the broader goals of Peace Finance.

Identification and selection of Peace Partners

Peace Partners play a critical role in the successful implementation of peace-aligned investments under the Peace Finance Standard. Issuers must identify suitable Peace Partners during the initial phase of a peace-aligned investment. These partners are instrumental in ensuring the investment adheres to the principles of Peace Finance, supports sustainable peacebuilding efforts and minimises conflict-related risks.

Identification and selection criteria

Issuers are responsible for selecting Peace Partners based on a combination of their capacities, skills, networks and context-specific knowledge. Suitable Peace Partners are often local organisations familiar with international humanitarian, development and peacebuilding practices. Some may already engage in corporate social responsibility practices. Suitable candidates may also include intermediary organisations capable

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¹ Issuers of equity can generally be categorised into two types: 1) entities that issue funds and manage a portfolio of investments, typically pooling capital from multiple investors to allocate to various projects or companies; 2) companies raising money by issuing equity, either through stocks or other equity instruments, for their own operations and growth.

of mapping multiple stakeholders and facilitating collaboration among diverse local actors with various skill sets and capacities. The specific Peace Partner and their capabilities will differ depending on the investment's nature and the local conflict dynamics, and the local political economy. Some potential Peace Partners include:

1. **Local civil society organisations (CSOs):** Organisations that engage with grassroots actors and have strong community ties. CSOs are often at the forefront of peacebuilding efforts, working closely with local communities to foster dialogue, address grievances and build social cohesion. Their deep understanding of local dynamics makes them the most likely Peace Partners for peace-aligned investments.
2. **Community-based organisations (CBOs):** Small, locally rooted groups that operate within specific communities. CBOs often represent marginalised populations and can provide essential insights into local grievances, needs and peacebuilding opportunities. They are highly valuable for community-driven peace initiatives and closely align with local contexts.
3. **Independent peacebuilding organisations:** Entities specifically dedicated to conflict resolution and peacebuilding, with expertise in mediation, community reconciliation and fostering social cohesion. These organisations provide a wealth of experience and proven methodologies for achieving peace-positive impacts in various conflict settings.
4. **Academic researchers and analysts:** Experts providing evidence-based insights and conflict analysis. Their ability to conduct thorough peace and conflict assessments and provide strategic guidance makes them valuable partners, particularly for designing and evaluating peace strategies aligned with the Peace Finance Standard.
5. **Faith-based organisations (FBOs):** Religious groups or organisations with significant influence within local communities. FBOs often play critical roles in peacebuilding by leveraging their moral authority, extensive networks and capacity to facilitate dialogue and promote reconciliation among diverse groups.
6. **Human rights organizations:** Entities focused on advocating for and protecting human rights. These organisations are crucial for addressing systemic injustices and grievances that underpin many conflicts, which is important for ensuring that peace-aligned investments promote and respect human rights standards.
7. **Multilateral and UN agencies:** Organisations with broad mandates encompassing peace, development and humanitarian efforts. Their comprehensive experience in managing large-scale peace and development programmes in complex environments makes them suitable partners, particularly for large-scale or high-risk investments.
8. **Youth and women's organisations:** Groups specifically focused on empowering youth and women, often critical stakeholders in peace processes. These organisations help amplify the voices of underrepresented groups and promote inclusive approaches to peacebuilding.
9. **Local business networks:** Associations of local businesses, including employer and employee organisations, that understand the economic landscape and advocate for inclusive business practices. They contribute to economic development and social cohesion by promoting equitable opportunities and supporting local economies in conflict-affected areas.
10. **Political risk and international aid consulting firms:** Companies specialising in managing risks in fragile and conflict-affected environments. Their expertise in political risk assessment and aid strategies provides valuable support in navigating complex socio-political landscapes and developing risk mitigation strategies.

11. **Private sector entities with a social mission:** Businesses or social enterprises that prioritise social impact and focus on ethical, inclusive and sustainable practices. These entities can drive economic development and social cohesion by providing jobs, training and fair economic opportunities in conflict-affected areas.
12. **Environmental and conservation organisations:** Entities focused on environmental protection, conservation and sustainable resource management. These organisations address environmental factors contributing to conflict, such as water scarcity or land disputes, and promote sustainable development as a pathway to peace.
13. **Media organisations and communications agencies:** Local and regional media outlets or communications agencies that understand the power of narrative and messaging in conflict and post-conflict settings. They play a role in shaping public perception, promoting peace narratives, providing training to journalists and counteracting harmful misinformation.
14. **Technology and innovation hubs:** Organisations leveraging technology to support peacebuilding efforts, such as platforms for conflict monitoring, data collection and communication facilitation. These hubs introduce innovative solutions to address peace and security challenges in conflict-affected areas.
15. **Legal aid and justice organisations:** Entities providing legal support and access to justice and advocating for legal reforms in conflict and post-conflict settings. They address grievances related to justice, property rights and governance which are often central to sustainable peace efforts.

Issuers should prioritise Peace Partners actively engaged in the investment area and closely connected to the relevant assets and operation sites. Peace Partners with direct networks and trusted relationships with local actors are preferable, as they provide valuable insights, reduce risks and enhance the investment's impact throughout its lifecycle.

Due diligence process

Conducting due diligence on potential Peace Partners is crucial for issuers and investors. This process should include a careful review of the partners' values, track record, past involvement in the investment context and potential conflicts of interest. It is essential to assess the impartiality, independence and alignment of the partner with peacebuilding goals. Partners with conflicts of interest or affiliations with political groups or ethnic factions that could compromise their neutrality are unsuitable for peace-aligned investments.

Criteria for becoming a Peace Partner

To be recognised as an approved Peace Partner under the Peace Finance Standard in order to accompany issuers in the preparation, verification and ongoing monitoring of peace-positive investments, entities must meet several specific criteria, demonstrating their capability to support peace-aligned investments effectively. The approval process ensures that Peace Partners are well-equipped to contribute to investment projects' peace objectives.

- 1. Expertise in peacebuilding and conflict sensitivity:** Peace Partners must have a proven track record in peacebuilding, conflict sensitivity and related fields. They should be adept at conducting thorough peace and conflict analyses, engaging local communities in dialogue and designing peace-enhancing mechanisms tailored to the specific investment context. Their role in strategy development and monitoring requires them to be able to apply these skills in a dynamic manner, ensuring investments align with the Peace Finance Principles and contribute positively to peacebuilding efforts.
- 2. Local networks and contextual knowledge:** Peace Partners should possess robust local networks and deep contextual knowledge of the geographical areas in which they operate. This includes understanding the local socio-political dynamics, cultural nuances and conflict triggers. Peace Partners' strong local connections allow them to engage effectively with communities, stakeholders and other relevant actors. They are able to provide valuable insights that reduce risks, amplify investment impact and support monitoring and adaptive management throughout the investment's lifecycle.
- 3. Capacity for implementing peace-enhancing actions:** Approved Peace Partners must demonstrate the capacity to implement or support the implementation of peace-enhancing actions within the investment framework. This includes carrying out participatory stakeholder engagements, community dialogues and other activities that foster social cohesion and conflict resolution. They should be capable of tracking progress against key performance indicators (KPIs) and adapting activities to changing conditions and emerging needs within the community or geographical area.
- 4. Role in verification and reporting:** Peace Partners are required to support the verification process, providing necessary documentation and facilitating consultations to verify peace impacts. They must demonstrate their ability to assist with both pre-issuance and post-issuance verification processes, ensuring that all peace-enhancing actions are accurately reported and aligned with the Peace Finance Standard. This role is critical for maintaining transparency and accountability.
- 5. Independence and impartiality:** Impartiality is a critical requirement for becoming a Peace Partner. Entities must not have conflicts of interest that could compromise their neutrality or effectiveness. Partners should not have affiliations with state actors, political groups or factions that may influence their work or contradict the peace objectives of the investment. This criterion ensures that Peace Partners can objectively support the investment's peace-aligned goals.
- 6. Compliance with the Peace Finance Standard and Principles:** Entities seeking to become Peace Partners must commit to the Peace Finance Principles and demonstrate a clear understanding of the Peace Finance Standard. They should be able to align their activities and reporting with these tools, ensuring transparency, accountability and consistency in their peacebuilding efforts. Partners must also work collaboratively with the issuer to ensure the investment remains aligned to the Peace Finance Standard.
- 7. Providing training and capacity building:** Where necessary, Peace Partners should provide training and capacity-building to the investor's team or other relevant stakeholders. This helps ensure that all involved parties understand the peacebuilding objectives, methodologies and monitoring requirements, thereby enhancing the investment's overall effectiveness and sustainability.

- 8. Track record and references:** Applicants must provide a detailed track record of their previous work in peacebuilding and conflict-sensitive projects. They may also be required to provide references or testimonials from previous engagements, showcasing their ability to deliver effective peace-related outcomes and support ongoing peace impact assessments.

Roles and responsibilities of Peace Partners

Defining the partnership

Being a Peace Partner requires a strong commitment to the Peace Finance Principles. Peace Partners are expected to work closely with issuers, with the partnership formalised through a contractual relationship that outlines the scope and objectives. The terms of reference (ToR) or a memorandum of understanding (MoU) should specify the partner's key responsibilities, governance issues, conflicts of interest and capacity-building initiatives. These agreements should also detail access to project documentation, the timeline, and the specific elements of the Peace Finance Standard to be addressed by the partner.

Core roles and functions of Peace Partners

Peace Partners play a vital role in supporting issuers throughout the peace-aligned investments' lifecycle, ensuring that these investments achieve their intended peace-positive outcomes while adhering to the Peace Finance Standard. Their involvement extends beyond traditional investment practices, encompassing several core functions:

- 1. Implementing peacebuilding activities:** Peace Partners are responsible for executing a peace-enhancing mechanism function that is central to the investment's peace strategy. This includes activities such as facilitating community dialogues, providing conflict resolution training and conducting inclusive stakeholder engagements. These actions help mitigate conflict risks and promote social cohesion, aligning with the Peace Finance Principles and contributing to the overall peace objectives of the investment.
- 2. Providing contextual knowledge and networks:** Peace Partners provide critical insights into local socio-political dynamics, enabling issuers to understand the specific context in which their investments are made. This knowledge is essential for assessing potential risks, understanding community needs and tailoring peace strategies to local realities. The partner's connections and trusted relationships with local actors support the issuer's efforts to maintain a conflict-sensitive approach and build trust with affected communities.
- 3. Acting as intermediaries and bridge builders:** By serving as intermediaries, Peace Partners facilitate effective communication and cooperation between issuers, local communities and other stakeholders. This bridging role is crucial for ensuring that investments are inclusive and responsive to the needs of all relevant parties, particularly in fragile and conflict-affected regions. Peace Partners help to manage expectations, address concerns and foster collaboration – all key to maintaining the social licence to operate.
- 4. Advisory roles on strategy and risk management:** Peace Partners provide strategic advice to issuers on aligning their investment activities with peace objectives. They assist in the design and refinement of the theory of change,

develop KPIs and ensure that investments adhere to the exclusionary and the do-no-harm criteria. This advisory helps issuers navigate complex socio-political environments, managing both peace and financial risks effectively.

5. **Monitoring and evaluation (M&E) support:** Peace Partners play a critical role in the ongoing monitoring and evaluation of peace impacts, working closely with issuers to track progress against agreed indicators. They help design M&E frameworks, collect data and provide qualitative and quantitative assessments of peace outcomes. This monitoring function ensures that investments remain aligned with the Peace Finance Principles and allows for timely adjustments to strategies based on real-time feedback and emerging risks.
6. **Verification and reporting assistance:** During both the pre-issuance and post-issuance phases, Peace Partners collaborate with issuers and Peace Finance Verifiers to support the verification process. They provide necessary documentation, facilitate stakeholder consultations and help verify the peace impacts reported by issuers. Their involvement in verification ensures that all peace-enhancing actions are accurately reported and that any deviations from the intended peace objectives are promptly addressed.
7. **Role in grievance mechanisms and conflict resolution:** Peace Partners assist in setting up and managing grievance mechanisms that are essential for conflict-sensitive investments. They ensure these mechanisms are accessible, trusted and effective in addressing community concerns and grievances related to the investment. This function is vital for maintaining trust and legitimacy and in order to mitigate potential conflicts that could arise during the investment period.
8. **Capacity building and training:** Where necessary, Peace Partners provide capacity-building support to the issuer's team and local stakeholders. This may include training on peacebuilding approaches, conflict sensitivity and the application of the Peace Finance Principles. Capacity building ensures that all parties involved are well equipped to contribute to and sustain peace-positive outcomes.

By fulfilling these roles, Peace Partners ensure that peace-aligned investments are not only financially viable but also contribute meaningfully to peacebuilding efforts. They help issuers navigate complex environments, manage risks and achieve both financial and peace-positive returns, reinforcing the core objectives of the Peace Finance Standard.

The role of Peace Partners in the certification process

Peace Partners are integral to the Peace Finance Certification process. Their involvement spans from pre-issuance tasks such as conflict analysis and strategy validation to post-issuance roles, including ongoing monitoring, stakeholder engagement and impact reporting. They help to ensure the investment remains aligned with peace-positive objectives and complies with the Peace Finance Standard.

Best practices and lessons learned

Implementing effective public-private partnerships

Successful public-private partnerships in Peace Finance require clear frameworks that define roles, responsibilities and risk-sharing mechanisms. Key best practices include:

1. **Establishing a clear partnership framework:** Clearly define each party's roles, responsibilities and risk management strategies. Effective risk-sharing mechanisms ensure balanced partnerships based on shared accountability, enhancing private investor appeal.
2. **Conducting feasibility studies:** Assess the economic, social and environmental viability of investment projects through comprehensive studies (including risk assessments, cost-benefit analyses, and market evaluations). Develop financially sustainable structures that balance risks and returns for all parties.
3. **Investing in robust project preparation and structuring:** Perform thorough due diligence, ensure clear project documentation and align project structures with the interests of all stakeholders.
4. **Engaging all stakeholders:** Involve local communities, civil society organisations and impacted parties in project planning, implementation and monitoring. Transparent and inclusive engagement builds trust, addresses concerns and enhances social acceptance.
5. **Strengthening local partner capacity:** Enhance local partners' ability to manage and oversee projects through training, knowledge sharing and technical assistance. This support enables effective accompaniment and due diligence.
6. **Implementing robust monitoring and evaluation mechanisms:** Establish mechanisms to track project progress, performance and impact. Regular assessments help identify challenges, improve partner tasks and maintain accountability and transparency.
7. **Fostering knowledge sharing and exchange of best practices:** Encourage the use of channels or platforms for sharing experiences and lessons learned from partnership projects in emerging markets. This will drive continuous improvement and prevent past mistakes from being repeated.

Conclusion

Peace Partners are fundamental to the success of peace-aligned investments, playing a vital role throughout the investment lifecycle. From conducting initial peace and conflict assessments to supporting ongoing monitoring, verification and final evaluations, Peace Partners provide the expertise, local knowledge and strategic guidance necessary to achieve peace-positive impacts. Their involvement helps issuers navigate complex socio-political environments, maintain alignment with the Peace Finance Standard, mitigate risks and ensure that investments contribute meaningfully to sustainable peace.

By partnering effectively with Peace Partners, issuers can enhance both the financial viability and peace-building effectiveness of their investments, creating lasting positive change in conflict-affected contexts.

Finance for Peace

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